

# Kirchner: Usurers Turned Recession to Depression

As Lyndon LaRouche noted, just-deceased former Mexican President José López Portillo, who developed Mexico's economy in confrontation with international finance in the 1970s, would have been happy with Argentine President Néstor Kirchner's March 1 speech. Opening the session of his country's Legislative Assembly, he made clear that the lives of human beings will not be sacrificed to pay the foreign debt.

"Let us be clear," he said. "We know that we are discussing interests. We take charge of the defense of the interests of all Argentines, and of their future. . . . Our conviction impels us to . . . place the common good above any individual interests."

Kirchner pointed out that to rebuild the country, it is important to recognize first exactly where Argentina finds itself today. "We've said that we are in the worst of worlds, in Hell itself, and that the improvement we now see occurring is only the first step upward." There "can be no viable nation when more than 55% of Argentines live below the poverty line."

"We shall not back down," he said. The offer to restructure the defaulted debt at a 75% writedown, made in Dubai last September, is based "on absolute rationality, and on the first postulate that should define a good faith relationship: There will be no promises or commitments made that are impossible to keep." There is nothing irrational in the way Argentina is proceeding, Kirchner underscored. "What is irrational . . . is the size of our debt."

The Argentine President detailed very graphically, the process of looting to which his country has been subjected, and the way it was dragged into the debt trap from which there was no exit. "This government didn't create the debt problem. The debt is the responsibility of bad Argentine governments, and of those who, from abroad, protected and adopted it as a model. . . . But now it is our problem," and it must be dealt with seriously. Under successive governments, he said, only "magic" solutions were offered, that plunged the country into deeper crisis: "The Brady Plan, Debt-Swap, Financial Armor, Mega-Swap were the labels that were incorporated into a daily chronicle. . . . The multilateral organizations . . . must accept responsibility for the growth of the debt. When everything indicated that our country couldn't pay, they offered new loans, that only served to increase the problem of indebtedness, and without preventing implosion, deepened the crisis. . . . Other creditors went along with the possibility of continuing to obtain attractive profits from the high interest rates, which the in-

crease in the country-risk rate implied.

"Argentina ended up paying very dearly for what it never received, trying to buy time, paying enormous profits to the lenders, and their local partners and publicists, but burying any possibility of a future under an immense mountain of debt." Argentina could not be a "normal" country. The destruction of the productive system and industrial activity, "together with similar phenomena repeated in other latitudes, and most dramatically in our *casa grande* [big house], Latin America, is today the most complete proof of the unviability of any model which ignores internal sustainability to achieve integration with the world of globalization."

It must be understood that "there is no possibility other than growth, as a guarantee for internal sustainability, and to comply with external obligations and come out of default. . . .

"The international agencies must respect what was agreed to. It is clear that there is no margin for resorting to adjustment, or increasing our indebtedness. . . . Argentina has reached the limit of its social viability, and institutional destruction due to the increase of [social] exclusion and the exhaustion of constant adjustment, which revealed its most perverse side by transforming an incipient recession into a depression."

## 'A National Project'

President Kirchner underscored that there must be a permanent and long-term project to develop Argentina. In this context, he outlined the idea of a strong state, which takes responsibility for remedying social inequality, in order to "make viable the rights of those who have less. . . . This is the landscape we must build in the whole country. And we won't back down from this either." The state, "in the role of protector" backed by citizens' participation, is the best way to guarantee their rights. What is needed is a capitalism "with clear rules, in which the state carries out its role with intelligence: To regulate, to control, to be present where it is necessary to mitigate the ills which the market cannot remedy; a state which puts balance into society, and allows for the normal functioning of the country."

Kirchner defined his priorities as job creation, eliminating unemployment, and guaranteeing food security, public health, and public education. He also reviewed infrastructure projects already under way or planned. "In these new circumstances, economic policy is oriented to produce accomplishments—accomplishments in the *real economy*. Productive economy, consumption, investment, employment, reduction of poverty—these are the indicators that matter. The economy sees the compatriot made of flesh and bones. . . . Thus, the recovery of consumption has been placed at the center of the economy."

The "Argentine Project," he said, means that "we have placed government on the side of the people, on the side of *our people*."